

COMMODITY MARKET OVERVIEW

-In the just ended week, the price of all tracked commodities stumbled in price.
 -Gold price dropped by 3.96% to close the week at \$1,808.20 compared to the previous week's price of \$1,882.80.
 -Cocoa price declined by 0.92% at \$2,349.04 to close the week compared to its price of \$2,370.96 in the previous week.
 -In the same way, WTI and Brent Crude fell in price by 1.70% and 0.75% at \$107.90 and \$111.55 respectively to close the trading week.
 -On a year-to-date basis, the price of Gold and Cocoa edged lower by 1.12% and 3.70% respectively. On the other hand, WTI and Brent Crude increased in price by 43.46% and 43.42% respectively.
 -Year-on-year, the price of gold and cocoa was down by 0.87% and 5.06% respectively. However, WTI and Brent Crude improved by 69.07% and 66.37% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL DROPS ON PROFIT-TAKING, CHINA CONCERNS

-Oil prices fell more than 1% per barrel on Friday (13/05/2022) as investors took profits following strong gains from late last week, while weak economic data in China weighed on sentiment.
 -Markets also turned cautious after China reported disappointing economic numbers as a result of Covid restrictions, highlighting concerns of a demand slowdown from the world's top crude importer.
 -Meanwhile, European diplomats said the EU still aims to agree to a phased embargo on Russian oil this month despite pushback from certain member countries, rejecting suggestions of a delay or watering down of proposals.
 -The prospect of an EU ban on Russian oil continued to buoy prices, with tensions escalating further after Moscow imposed sanctions on European units of state-owned Gazprom.
 -Still, a stronger dollar and fears that high inflation, weaker global growth and China's Covid curbs which is expected to dampen demand lingered last week.
 -However, International Energy Agency (IEA) said that rising oil production in the Middle East and the US, and a slowdown in demand growth are expected to fend off an acute supply deficit amid a worsening Russian supply disruption.
 -We therefore expect oil price to remain steady this week amid lingering concerns about an impending European embargo on Russian oil.

GOLD

GOLD HOVERS 3-MONTH LOW

-Gold held near three-month lows around \$1,810 an ounce on Friday (13/05/2022) after sliding for four straight weeks, as a rallying dollar continued to sap demand for greenback-priced bullion.
 -The dollar steadied near a fresh 20-year high as a strong US inflation print reinforced bets for aggressive Federal Reserve rate hikes, with a weakening global economic outlook also driving haven demand for the greenback.
 -Also, the headline CPI in the US held close to a 40-year high at 8.3% in April, while the core CPI also came in above expectations at 6.2%, stoking worries that elevated prices may persist.
 -The US central bank raised its benchmark overnight rate by 50 basis points last week and markets are pricing in equivalent hikes at each of the next two Fed meetings in June and July.
 -We therefore expect gold price to trade slightly lower in the coming week as a rallying dollar continued to sap demand for greenback-priced bullion.

COCOA

COCOA PRICES DECLINE ON A STRONGER DOLLAR

-Cocoa prices posted moderate losses, with NY cocoa falling to a 2-week low. A surge in the dollar index to a 19-year high weighed on most commodity prices, including cocoa.
 -However, losses in London cocoa were limited after the British pound fell to a 2-year low, which boosts cocoa that is priced in terms of sterling.
 -Signs of abundant cocoa supplies are also bearish for prices. The Ivory Coast government reported that Ivory Coast cocoa farmers sent a cumulative 2.06 MMT of cocoa to Ivory Coast ports from Oct 1-May 8, nearly unchanged from last year's 2.07 MMT.
 -Meanwhile, signs of stronger global cocoa demand are a positive factor for cocoa prices. Gepex, a cocoa exporter group that includes six of the world's biggest cocoa grinders, reported that the group processed 49,148 MT of cocoa in April, up +16.3% y/y.
 -We therefore expect the price of cocoa to rebound slightly in the coming week on signs of stronger global cocoa demand.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,858.60	1,808.20	1,882.80	(3.96)
Cocoa ICCO	USD/ton	2,339.92	2,349.04	2,370.96	(0.92)
WTI Crude	USD/bbl	103.09	107.90	109.77	(1.70)
Brent Crude	USD/bbl	105.94	111.55	112.39	(0.75)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,858.60	1,808.20	(1.12)	(0.87)
Cocoa ICCO	2,368.90	2,319.00	(3.70)	(5.06)
WTI Crude Oil	107.90	99.76	43.46	69.07
Brent Crude	111.55	102.46	43.42	66.37

Source: Bloomberg; International Cocoa Organization

Commodity price, 01 Jan –to- date

COMMODITY MARKET UPDATE

16th May, 2022

